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DAPHNE INTERNATIONAL HOLDINGS LIMITED
達芙妮國際控股有限公司*

(*Incorporated in the Cayman Islands with limited liability*)
(**Stock code: 210**)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS OF 2024 ANNUAL RESULTS

- Revenue increased by 23% to approximately RMB322.3 million
- Profit attributable to shareholders increased by 71% to approximately RMB106.6 million
- Basic earnings per share was RMB0.054
- Proposed final dividend of HK$0.02 per share
- Cash and cash equivalents amounted to approximately RMB476.2 million

* *for identification purpose only*

ANNUAL RESULTS

The board of directors (the "**Board**") of Daphne International Holdings Limited (the "**Company**") announces the audited consolidated annual results of the Company and its subsidiaries (together the "**Group**") for the year ended 31 December 2024, together with the comparative figures for 2023.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**2024** **RMB'000**	2023 RMB'000
Revenue	3	**322,297**	262,644
Cost of sales		**(159,696)**	(131,259)
Gross profit		**162,601**	131,385
Other income	4	**51,060**	59,631
Other gains/(losses) – net	5	**960**	(12,430)
Selling and distribution expenses		**(51,922)**	(46,704)
General and administrative expenses		**(66,996)**	(62,254)
Reversal of impairment loss/(impairment loss) on financial assets		**892**	(1,991)
Operating profit	6	**96,595**	67,637
Finance costs	7	**(360)**	(4,255)
Share of profit of associates and a joint venture		**93**	58
Profit before income tax		**96,328**	63,440
Income tax credit/(expense)	8	**9,742**	(568)
Profit for the year		**106,070**	62,872
Attributable to:			
Shareholders of the Company		**106,597**	62,435
Non-controlling interests		**(527)**	437
		106,070	62,872
Earnings per share	9		
- Basic *(RMB)*		**0.054**	0.034
- Diluted *(RMB)*		**0.054**	0.034

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 RMB'000	2023 RMB'000
Profit for the year	**106,070**	62,872
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**1,166**	682
Total comprehensive income for the year	**107,236**	63,554
Attributable to:		
Shareholders of the Company	**107,763**	62,210
Non-controlling interests	**(527)**	1,344
	107,236	63,554

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note	**2024** **RMB'000**	2023 RMB'000
Non-current assets			
Investment properties		**365,832**	394,464
Property, plant and equipment		**4,209**	2,734
Right-of-use assets		**6,539**	4,348
Interests in associates		**1,192**	1,099
Interest in a joint venture		**-**	-
Deferred income tax assets		**15,115**	-
		392,887	402,645
Current assets			
Inventories		**4,388**	5,058
Trade receivables	11	**7,235**	3,271
Deposits, prepayments and other receivables		**20,015**	17,916
Other financial assets		**30,477**	21,312
Cash and cash equivalents		**476,170**	366,273
		538,285	413,830
Current liabilities			
Trade payables	12	**36,891**	37,153
Accrued charges and other payables		**38,212**	35,809
Contract liabilities		**54,081**	34,201
Lease liabilities		**3,126**	5,834
Current income tax liabilities		**24,624**	23,605
		156,934	136,602
Non-current liabilities			
Lease liabilities		**3,854**	3,451
Deferred income tax liabilities		**8,141**	4,117
		11,995	7,568
Net current assets		**381,351**	277,228
Net assets		**762,243**	672,305
Equity attributable to shareholders			
Share capital		**175,202**	175,202
Reserves		**583,347**	492,882
		758,549	668,084
Non-controlling interests		**3,694**	4,221
Total equity		**762,243**	672,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Daphne International Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in licensing, distribution and sale of footwear products and accessories in Mainland China.

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1- 1111, Cayman Islands.

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collectively includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which is measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(i) Amended standards and interpretations adopted by the Group

The Group has applied the following amended standards and interpretations for the first time for their annual reporting period commencing 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Revised Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of the above amended standards and interpretations did not have any material impact on the Group’s accounting policies.

(ii) New and amended standards and interpretations not yet adopted

Certain new and amended standards and interpretations have been published that are not yet effective for annual period ended 31 December 2024 and have not been early adopted by the Group.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 7 and HKFRS 9	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements [3]
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] *Effective for reporting period beginning on 1 January 2025*
[2] *Effective for reporting period beginning on 1 January 2026*
[3] *Effective for reporting period beginning on 1 January 2027*
[4] *Effective for reporting period beginning on or after a date to be determined*

The Group plans to adopt the above new standards, amendments to standards and interpretations when they become effective. Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 introduces new requirements for presentation within the consolidated statement of comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified “roles” of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to HKAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from “profit or loss” to “operating profit or loss” and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards. HKFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. HKFRS 18 will apply retrospectively. The new requirements are expected to impact the Group’s presentation of the statement of profit or loss and disclosures of the Group’s financial performance. So far, the Group considers that the adoption of HKFRS 18 is unlikely to have a significant impact on the Group’s results of operations and financial position.

The Group is in the process of making an assessment of the impact of the other new standards, amendments to standards and interpretations upon initial application. So far, the Group considers that these other new standards, amendments to standards and interpretations may result in changes in accounting policies but are unlikely to have a significant impact on the Group’s consolidated financial performance and financial position.

3 Revenue and segment information

The Group is principally engaged in licensing, distribution and sale of footwear products and accessories in Mainland China.

Chief operating decision-maker has been identified as the executive directors of the Company. Information reported to the executive directors of the Company, for the purposes of resources allocation and assessment of performance, focused specifically on the revenue and the profit or loss of the Group as a whole. Hence, the directors of the Company consider that the Group has only one reportable segment.

The Group's revenue is derived from customers located in Mainland China and most of the non-current assets of the Group are located in Mainland China. Accordingly, no geographical information is presented.

	2024	2023
	RMB'000	RMB'000
Licensing fee income	**127,045**	103,623
Sales of goods	**195,252**	159,021
	322,297	262,644

The five largest customers accounted for approximately 81% (2023: 84%) of the revenue of the Group for the year ended 31 December 2024. Revenue individually generated from the following customers contributed more than 10% of the total revenue of the Group:

	2024	2023
	RMB'000	RMB'000
Customer A	**96,248**	91,863
Customer B	**52,745**	48,932
Customer C	**48,838**	33,847
Customer D	**35,287**	N/A*

* *The revenue from the customer was less than 10% of the total revenue of the Group.*

Contract liabilities pertain to the non-refundable advance payment made by customers and rebates yet to be claimed by franchisees which will be settled by goods only. Increase in contract liabilities as at 31 December 2024 was mainly due to business growth. The Group recognised the following liabilities related to contracts with customers as at 31 December 2024:

	2024	2023
	RMB'000	RMB'000
Contract liabilities	**54,081**	34,201

For the year ended 31 December 2024, the revenue recognised that was included in the contract liabilities balance at the beginning of the year was RMB34,201,000 (2023: RMB 31,151,000).

4 Other income

	2024	2023
	RMB'000	RMB'000
Gross rental income	**39,855**	46,025
Interest income	**8,830**	7,840
Government subsidies *(Note)*	**1,033**	326
Others	**1,342**	5,440
	51,060	59,631

Note: For the year ended 31 December 2024, government subsidies mainly represented financial aids provided to the subsidiaries of the Company by the local government in Mainland China. There were no unfulfilled conditions or other contingencies attaching to these subsidies.

5 Other gains/(losses) – net

	2024	2023
	RMB'000	RMB'000
Fair value gain on financial assets at fair value through profit and loss	**311**	1,140
Gain on termination of leases	**3,001**	-
Impairment loss of investment properties	**(12,789)**	(6,065)
(Loss)/gain on disposal of property, plant and equipment	**(68)**	157
Loss on disposal of investment properties	**-**	(7,192)
Net exchange gain/(loss)	**505**	(470)
Reversal of impairment loss on value-added tax recoverable	**10,000**	-
	960	(12,430)

6 Operating profit

Operating profit is stated after charging the following:

	2024	2023
	RMB'000	RMB'000
Auditors' remuneration	**2,097**	1,957
Cost of inventories sold, including provision for inventories of RMB3,775,000 (2023: RMB840,000)	**159,696**	131,259
Depreciation of investment properties	**15,843**	17,128
Depreciation of property, plant and equipment	**943**	1,083
Depreciation of right-of-use assets	**4,804**	4,625
Employee benefits expense	**46,455**	42,815
Impairment loss of property, plant and equipment	**-**	675
Impairment loss of right-of-use assets	**-**	4,779
Marketing and promotion expense	**18,063**	14,766

7 Finance costs

	2024	2023
	RMB'000	RMB'000
Interest on convertible notes	**-**	3,824
Interest on lease liabilities	**360**	431
	360	4,255

8 Income tax credit/(expense)

	2024	2023
	RMB'000	RMB'000
Current income tax – Mainland China	**(1,349)**	(332)
Deferred income tax	**11,091**	(236)
	9,742	(568)

Hong Kong Profits Tax is calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK$2,000,000 of qualified entity's assessable profit is calculated at 8.25%, which is in accordance with the two-tiered profits tax rates regime. No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group did not have any assessable profit arising in Hong Kong during the two years ended 31 December 2024 and 2023.

Provision for China corporate income tax is calculated based on the statutory tax rate of 25% (2023: 25%) on the assessable income of each of the Group's entities incorporated in Mainland China. In accordance with the relevant PRC corporate income tax laws, implementation regulations and guidance notes, certain subsidiaries of the Group in Mainland China are entitled to tax concessions whereby the profits of these subsidiaries are taxed at a preferential income tax rate.

Pursuant to the China corporate income tax laws, 10% (2023: 10%) withholding tax is levied on all foreign investors in respect of dividend distributions arising from a foreign investment enterprise. Withholding tax on royalties at a reduced rate of 7% (2023: 7%) by treaty is applied to the Group's entities incorporated in Hong Kong for royalties received or receivable, net with value-added tax.

9 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company of RMB106,597,000 (2023: RMB62,435,000) by the weighted average number of 1,978,598,429 shares (2023: 1,849,669,780 shares) in issue for the year ended 31 December 2024.

Diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the adjusted weighted average number of shares, after taking into consideration of the exercise of share options as follows:

	Number of shares	
	2024	2023
Weighted average number of shares in issue	**1,978,598,429**	1,849,669,780
Effect of exercise of share options	**4,386,743**	-
Adjusted weighted average number of shares for dilution effect	**1,982,985,172**	1,849,669,780

On the other hand, 11,250,000 share options were not dilutive as the exercise price of these share options exceeded the average market price of the Company's shares for the year ended 31 December 2024 and were excluded in the calculation of diluted earnings per share.

For the year ended 31 December 2023, basic and diluted earnings per share were the same since the share options were not dilutive as the exercise price of the share options exceeded the average market price of the Company's shares.

10 Dividends

	2024 RMB'000	2023 RMB'000
Final dividend of HK$0.01 per share for the year ended 31 December 2023 provided for or paid during the year (2023: Nil)	**17,934**	-

The Board recommended the payment of a final dividend of HK$0.02 (2023: HK$0.01) per share in respect of the year ended 31 December 2024, totalling approximately RMB37,198,000 (2023: RMB17,934,000). The proposed final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. These consolidated financial statements do not reflect the financial impact of this proposed final dividend for the year ended 31 December 2024.

11 Trade receivables

	2024 RMB'000	2023 RMB'000
Trade receivables	**16,636**	14,521
Less: loss allowance	**(9,401)**	(11,250)
Trade receivables - net	**7,235**	3,271

The ageing analysis of trade receivables, net of loss allowance, based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
0 - 30 days	**5,433**	2,187
31 - 60 days	**1,251**	803
Over 60 days	**551**	281
	7,235	3,271

The carrying amounts of trade receivables, net of loss allowance, are denominated in RMB and approximate their fair value. The Group generally allows a credit period of 30 to 60 days to its trade customers.

12 Trade payables

The carrying amounts of trade payables are considered to be the same as their fair value due to their short-term in nature. The ageing analysis of trade payables based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
0 - 30 days	**34,729**	34,788
31 - 60 days	**43**	209
Over 60 days	**2,119**	2,156
	36,891	37,153

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, the global landscape remained complex and volatile, with escalating geopolitical conflicts and rising trade protectionism hindering global economic recovery. In response, China strengthened macroeconomic regulation and control to boost market confidence, supporting a stable economic growth trajectory. According to the National Bureau of Statistics of China, China's gross domestic product (GDP) grew 5.0% year-on-year in 2024. Despite the internal and external economic challenges, this moderate and orderly recovery signals positive momentum for China's economic outlook in 2025. Supported by measures aimed at expanding domestic demand and spurring consumption, the retail market witnessed steady growth, with total retail sales of consumer goods increasing by 3.5% year-on-year. However, this growth rate was lower than that of GDP, reflecting a more cautious consumer sentiment compared to pre-pandemic times. With a rational focus on value, consumers' budget-conscious mindset highlights tepid domestic demand and underscores a need to enhance both consumption capacity and spending willingness of residents.

Meanwhile, the rapid development of online shopping in Mainland China, coupled with the rising spending power of young consumers, has fuelled a robust e-commerce market, even amidst global economic fluctuations and shifting consumer behaviours. In 2024, China's online retail sales reached RMB15.5 trillion, marking a year-on-year growth of 7.2%. While the overall scale of e-commerce market continues to expand, the industry is facing the dilemma of increasingly saturated user growth and intensifying competition for exiting players, further exacerbating market competition. Moreover, the strong momentum of emerging e-commerce platforms present significant challenges to traditional established players. In response to cautious consumer sentiment and the diversification of e-commerce channels, the Group continued to leverage its advantages as an industry leader to bolster its presence across both traditional e-commerce platforms and social media while strategically positioning itself within emerging e-commerce platforms. Drawing on its established competitive advantages and proven strategies, the Group's brand licensing business sustained healthy growth. Alongside these efforts, the Group consistently optimised its offline distribution channels, supply chain system and brand strategies, resulting in robust sales growth that exceeds the industry average.

The Group's Performance

In today's dynamic and ever-evolving business landscape, a strong brand is crucial in driving organic growth and long-term success. Recognising that building a powerful brand requires long-term commitment and constant refinement, the Group consistently amplified its investments in rejuvenating its core brand "DAPHNE", while actively advancing the development of the new brand "DAPHNE.LAB" launched a year ago. The Group adhered to a multi-faceted approach, including original product design, strategic collaborations, influential brand ambassador and creative marketing initiatives. This approach effectively showcased the brands' philosophies and values, raising brand awareness, captured diverse audiences and cultivating meaningful relationships with consumers, further enhancing its competitive edge.

Supported by a forward-thinking and seasoned management team, the Group continuously fine-tuned its proven operating model to optimise its brand licensing and distribution business and streamline its supply chain, building resilience to stay ahead of the curve. Adapting to the changing economic conditions and retail dynamics, the Group has taken a measured approach to its expansion strategy, adjusting its online and offline networks. As the market gradually recovers, the Group's prudent and orderly expansion approach has resulted in steady online and offline network growth while maintaining operational efficiency, demonstrating the Group's agile response to market changes.

Moreover, the rise of online marketplaces continues to support online retail sales. With continuous increase in income of Chinese residents, consumers now have elevated expectations regarding product quality and overall experience, unveiling significant opportunities in vertical markets focused on personalised and decentralised shopping experiences. Therefore, the Group has further leveraged its advantages as an industry leader to strengthen its presence in emerging platforms, particularly in segmented channels that cater to its target audience, ensuring more precise engagement. By enhancing digital marketing efforts across both traditional and emerging channels, the Group achieved consistent growth in its brand licensing business in 2024.

In the face of tepid consumer spending and insufficient domestic demand, the Group remained committed to refining its tried-and-true strategies to bolster its market position, demonstrating strong resilience through remarkable operational performance and strong year-end results. Both revenue and operating profit experienced significant growth, providing a competitive edge over the market and highlighting the Group's capability to navigate challenging times. For the year ended 31 December 2024, the Group's total revenue for the year increased 23% year-on-year, reaching approximately RMB322.3 million (2023: RMB262.6 million). Meanwhile, operating profit rose 43% to approximately RMB96.6 million (2023: RMB67.6 million), positioning it for sustainable growth ahead.

For the year ended 31 December 2024, basic earnings per share was RMB0.054 (2023: RMB0.034) and the Board recommended the payment of a final dividend of HK$0.02 per share (2023: HK$0.01 per share), totalling approximately RMB37.2 million (2023: RMB17.9 million).

Brand Licensing and Distribution Business

Following years of strategic enhancements and successful business transformation, the Group's brand licensing and distribution business has established itself as a major force for steady growth. With a focus on the "DAPHNE" brand in Mainland China, the Group is dedicated to enhancing brand management and expanding the licensing and distribution of footwear products, including ladies' dress shoes and casual shoes, through both online and offline channels. This commitment has positioned the Group to sustain robust development momentum while seizing market opportunities.

The Group strives to better serve the diverse needs of consumer, "DAPHNE" launched a brand rejuvenation initiative that has achieved remarkable success, with annual sales performance exceeding the Group's expectations. In September 2024, "DAPHNE" officially announced a new brand ambassador to reinforce its commitment to revitalising its identity, and launched a brand new offline physical store design, making a bold return to the ladies' footwear market with a refreshed image. With a dynamic and diverse image, the brand ambassador's unwavering authenticity and boldness in defying conventions perfectly align with the brand's core belief of "Just Be Yourself". This endorsement not only deepens the emotional resonance between the "DAPHNE" brand and contemporary women but also inspires every woman to bravely be herself and walk with confidence. This revitalisation was complemented by the launch of the original "CloudSoft" collection, characterised by its comfort, lightweight design and functionality, reflecting the brand's poised yet effortless aesthetic. Additionally, the brand's new product categories, including children's shoes and handbags, have shown promising initial results. With these new ventures on track, the "DAPHNE" brand sees significant potential for future growth.

As the proportion of e-commerce in total retail sales continues to increase, the Group recognises the critical role that brand licensing business plays in its ongoing development. The prominence of interest-based e-commerce platforms has intensified market segmentation, highlighting the growing demand for superior user experience, competitive pricing and exceptional service. In reaction to these trends, the Group has strengthened its online presence, broadening its consumer base and increasing market penetration. Leveraging its powerful brand, the Group continues to actively bolster its footprint in the e-commerce arena. While maintaining a leading advantage on traditional e-commerce platforms such as "Tmall", "VIP.com", and "JD.com", the Group has also kept investing in emerging platforms like "Douyin" and "Pinduoduo", achieving higher-than-expected growth and significant results, establishing itself as a top player on these platforms. Moreover, the sales team prudently adapted strategies in reply to market dynamics. During the year under review, the Group enhanced communication with e-commerce platforms to effectively leverage their resources, thereby consolidating a stronger brand presence. To further bolster growth, the Group explored innovative sales channels that leverage social media attributes such as "Douyin", "RedNote" and "DEWU.com". This strategy not only attracted younger demographics but also generated positive brand exposure among key consumer segments.

In addition, the affordability of "DAPHNE" products contributed to their strong appeal across a wide range of consumers. Recognising the growing preference for value-for-money products, the Group has ramped up its marketing efforts to foster deeper interactions with customers, successfully establishing a strong brand presence on high-traffic online platforms to drive long-term growth. Despite overall market challenges, the Group's commitment to its brand licensing strategy has once again translated to tangible results. For the year ended 31 December 2024, the Group's licensing fee income rose by 23% year-on-year to approximately RMB127.0 million (2023: RMB103.6 million). Meanwhile, wholesale of goods under licensing arrangements also showed a positive trend, experiencing a steady growth of 15% year-on-year to approximately RMB174.5 million (2023: RMB151.2 million).

While consumer confidence remained lacklustre, the Group adopted a cautious approach to expand its offline franchised retail network. Strategic adjustments were made in response to the changing macroeconomic environment, retail market landscape, and store performance and efficiency. As at 31 December 2024, there were 111 (2023: 87) physical shops and 790 (2023: 601) online shops, all operated by our franchisees under the licensing arrangement of the Group.

Retail Business

The avant-garde brand "DAPHNE.LAB" celebrated its first anniversary with widespread market recognition for its originality and bold, innovative spirit. "DAPHNE.LAB" has brought the "Dare To Be" brand ethos to life through striking original designs and creative marketing campaigns, successfully capturing the hearts of young consumers. Leveraging on its product quality, competitive pricing and unique designs, "DAPHNE.LAB" has cultivated a devoted customer base and achieved satisfactory sales performance, particularly in the e-commerce sector.

Recognising originality as its core value, the Group prudently invested in enhancing its product offerings and brand recognition. Building on the encouraging receptivity of past collaborations, the Group continued to partner with renowned artists and designers to develop innovative collections. In May 2024, "DAPHNE.LAB" launched the co-branded collection "Quirky Romance" with an artist, which was met with enthusiastic response. In addition, "DAPHNE.LAB" joined creative forces with a prominent Chinese designer in September 2024 to launch "Dare To Break Rules" collection and made its debut on the official Paris Fashion Week runway, bringing Chinese design to the world stage and garnering significant attention from both domestic and international media. These successful collaborations underscore the Group's unwavering commitment to fostering original design and its ambition to carve out a significant presence globally.

To enhance market penetration, the Group actively partnered with social media influencers to create engaging content across various platforms, resulting in enhanced customer interaction and an increase in sales. In addition to social media marketing, the Group has expanded market reach by launching "DAPHNE.LAB" online stores and directly-managed stores. In November 2024, it opened a "DAPHNE.LAB" pop-up store in a youth-oriented, non-traditional shopping mall in Chengdu, which has shown better space efficiency than in typical shopping malls. The pop-up store successfully captured the young consumer demographic that resonates with the Group's products, fostering stronger connections with its target audience.

In light of the growing sales, the Group kept injecting marketing resources to further optimise its supply chain, ensuring stringent quality control from production to retail, striving to be more refined and precise. During the year, the Group digitised its workflows, and unified and integrated its large-scale transportation processes, resulting in significant improvements in both efficiency and quality control. These advancements have created a more robust and mature supply chain, enabling the Group to continuously expand its product categories to meet evolving consumer demands while maintaining high standards of quality and service.

FINANCIAL REVIEW

Financial Highlights

	For the year ended 31 December		
	2024	2023	Change
Revenue (RMB' million)	**322.3**	262.6	+23%
Other income (RMB' million)	**51.1**	59.6	-14%
Operating profit (RMB' million)	**96.6**	67.6	+43%
Profit attributable to shareholders (RMB' million)	**106.6**	62.4	+71%
Operating margin (%)	**30.0**	25.8	+4.2ppt
Net margin (%) *(Note 1)*	**33.1**	23.8	+9.3ppt
Basic earnings per share (RMB)	**0.054**	0.034	+59%
Proposed dividend per share (HK$)	**0.02**	0.01	+100%

	As at 31 December		
	2024	2023	Change
Cash and cash equivalents (RMB' million)	**476.2**	366.3	+30%
Equity attributable to shareholders (RMB' million)	**758.5**	668.1	+14%
Current ratio (times) *(Note 2)*	**3.4**	3.0	+13%
Net gearing ratio (%) *(Note 3)*	**Net cash**	Net cash	N/A

Notes:

1. *The calculation of net margin (%) is based on profit attributable to shareholders divided by revenue for the year.*

2. *The calculation of current ratio (times) is based on total current assets divided by total current liabilities as at year end.*

3. *The calculation of net gearing ratio (%) is based on net debt (being lease liabilities less cash and cash equivalents) divided by equity attributable to shareholders as at year end.*

Revenue and Gross Profit

The Group's revenue mainly comprises licensing fee income and sales of goods in Mainland China. For the year ended 31 December 2024, the Group's total revenue amounted to approximately RMB322.3 million (2023: RMB262.6 million), an increase of 23% compared to the year of 2023.

	For the year ended 31 December		
	2024	2023	Change
	RMB'million	RMB'million	
Licensing fee income	**127.0**	103.6	+23%
Sales of goods - wholesale	***174.5***	*151.2*	*+15%*
Sales of goods - retail	***20.8***	*7.8*	*+167%*
Total sales of goods	**195.3**	159.0	+23%
Cost of sales	**(159.7)**	(131.2)	+22%
Gross profit from sales of goods	**35.6**	27.8	+28%
Gross margin from sales of goods	***18.2%***	*17.5%*	*+0.7ppt*
Total revenue	**322.3**	262.6	+23%
Total gross profit	**162.6**	131.4	+24%

Revenue from licensing fee income increased by 23%, from approximately RMB103.6 million to approximately RMB127.0 million, mainly attributable to the increase in unit price and overall volume of footwear products licensed to the online franchisees compared to the year of 2023.

The Group also engages in the distribution of footwear products and accessories for better quality control and supply chain management to both online and offline franchisees. For the year ended 31 December 2024, revenue from wholesale of goods amounted to approximately RMB174.5 million (2023: RMB151.2 million), representing an increase of 15% compared to last year, primarily due to the increase in sales volume of products to our franchisees.

During the year under review, the Group's revenue from retail business, primarily for the online and offline shops of "DAPHNE.LAB" brand, was approximately RMB20.8 million (2023: RMB7.8 million). Such significant increase in revenue was mainly due to the launch of this brand in April 2023.

The Group's revenue from sales of goods increased by 23% to approximately RMB195.3 million during the year under review compared to approximately RMB159.0 million for the year of 2023. Gross margin from sales of goods also improved to 18.2% from 17.5% for the year of 2023. Better gross margin from sales of goods was mainly attributable to the better selling price as a whole.

Other Income

For the year ended 31 December 2024, the Group's other income was approximately RMB51.1 million (2023: RMB59.6 million), mainly comprising gross rental income of approximately RMB39.9 million (2023: RMB46.0 million) from investment properties. The decrease in gross rental income was mainly due to rental reductions upon renewals.

Operating Expenses

The Group's operating expenses (including other gains/(losses) - net, selling and distribution expenses, general and administrative expenses, and reversal of impairment loss/(impairment loss) on financial assets) were approximately RMB117.1 million during the year under review, compared to the operating expenses of approximately RMB123.4 million for the year in 2023. The overall decrease in operating expenses was mainly due to the reversal of impairment loss on value-added tax recoverable amounted to RMB10.0 million (2023: Nil), partially offset by the increase in employee benefits expense and marketing and promotion expense.

Operating Profit

The Group recorded an operating profit of approximately RMB96.6 million for the year ended 31 December 2024, an increase of RMB29.0 million or 43% compared to the operating profit of approximately RMB67.6 million in 2023.

Finance Costs

Finance costs represent interests on convertible notes and lease liabilities. Since the convertible notes were matured and converted into shares in October 2023, there was no interest on convertible notes (2023: RMB3.8 million) during the year under review, and interest on lease liabilities was approximately RMB0.4 million (2023: RMB0.4 million).

Income Tax Credit/(Expense)

For the year ended 31 December 2024, the Group's income tax credit was approximately RMB9.7 million, compared to income tax expense of approximately RMB0.6 million last year. The income tax credit was mainly due to the recognition of deferred income tax assets on tax losses and temporary differences.

Profit Attributable to Shareholders

For the year ended 31 December 2024, profit attributable to shareholders of the Company was approximately RMB106.6 million (2023: RMB62.4 million), representing an increase of approximately RMB44.2 million or 71% compared to the year of 2023. Basic earnings per share was RMB0.054 (2023: RMB0.034) for the year ended 31 December 2024.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB476.2 million (2023: RMB366.3 million), which were denominated mainly in Renminbi, Hong Kong Dollars and United States Dollars. During the year under review, the net increase in cash and cash equivalents is analysed as follows:

	For the year ended 31 December	
	2024	2023
	RMB'million	RMB'million
Net cash inflow from operating activities	**135.1**	115.9
Capital expenditure	**(2.5)**	(2.5)
Proceeds from disposal of property, plant and equipment	**-**	0.2
Proceeds from disposal of investment properties	**-**	1.8
Payments for purchases of financial investments	**(20.0)**	(31.8)
Proceeds from redemption of financial investments	**11.1**	42.3
Bank interest received	**8.8**	7.8
Dividend paid	**(17.9)**	-
Lease payments	**(5.9)**	(5.2)
Acquisition of non-controlling interests	**-**	(42.5)
Net increase in cash and cash equivalents	**108.7**	86.0

For the year ended 31 December 2024, the Group's interest income on bank balances and deposits was approximately RMB8.8 million (2023: RMB7.8 million).

The Group also purchases financial investments, comprising wealth management products and certificates of deposits, which are classified as financial assets at fair value through profit or loss or at amortised cost.

The purchases of financial investments are carried out by the Group for treasury management purpose in order to maximise the utilisation of surplus cash. The Group considers that the purchases of the financial investments will provide the Group with better returns than the returns on deposits generally offered by commercial banks, and would not affect the working capital or the normal business operation of the Group. As such, management is of the view that the purchases of the financial investments are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

During the year under review, the fair value gain on financial assets at fair value through profit or loss was approximately RMB0.3 million (2023: RMB1.1 million) and the Group redeemed certificates of deposit amounting to approximately RMB11.1 million upon their maturity in January 2024. Certificates of deposit purchased from commercial banks in Mainland China amounted to approximately RMB20.0 million (2023: RMB31.8 million).

As at 31 December 2024, the Group had certificates of deposit with carrying amount of approximately RMB30.5 million (2023: RMB21.3 million). These certificates of deposit have maturities ranging from 12 to 36 months from their dates of purchase, up to December 2025 to June 2026, and bears fixed interest rates ranging from 1.65% to 3.00% per annum.

As at 31 December 2024, the Group's equity attributable to shareholders amounted to approximately RMB758.5 million (2023: RMB668.1 million). The Group's net gearing ratio remained in net cash (2023: net cash) position and the current ratio further improved to 3.4 times (2023: 3.0 times). Management will continuously monitor the Group's financial performance and liquidity position and believes that the Group has sufficient working capital and financial resources for its operation in future.

Foreign Exchange Risk Management

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in currencies other than the functional currency of the Group's entities to which they operate. The Group is mainly exposed to foreign exchange risk with respect to Hong Kong Dollars and United States Dollars.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated. During the year ended 31 December 2024, the Group did not enter into any foreign exchange forward contract to hedge the foreign exchange risk exposure. Any significant exchange rate fluctuations of foreign currencies against Renminbi may have had financial impact on the Group.

Significant Investments

As at 31 December 2024 and 2023, the Group did not have any significant investments.

Future Plans for Material Investments and Capital Assets

As at 31 December 2024 and 2023, the Group did not have any future plans for material investments or capital assets.

Pledge of Assets

As at 31 December 2024 and 2023, the Group had no pledged or charged assets.

Capital Expenditure and Commitments

During the year under review, the Group incurred capital expenditure of approximately RMB2.5 million (2023: RMB2.5 million) primarily for leasehold improvement. As at 31 December 2024 and 2023, the Group did not have material capital commitments.

Contingent Liabilities

As at 31 December 2024 and 2023, the Group did not have any significant contingent liabilities.

Human Resources

As at 31 December 2024, the Group had a total of 109 (2023: 99) employees predominantly in Mainland China and Hong Kong. Employee benefits expense comprising directors' emoluments for the year ended 31 December 2024 was approximately RMB46.5 million (2023: RMB42.8 million), including share-based payment expense of approximately RMB0.6 million (2023: RMB1.5 million). The overall increase of 9% year-on-year in employee benefits expense was mainly due to the increase in headcounts and discretionary performance bonus.

The Group values its human resources and recognises the importance of retaining high calibre employees. Remuneration packages are generally structured with reference to market conditions and terms as well as individual qualifications. In addition, share options and discretionary performance bonuses are granted to eligible employees based on the performance of the Group and of the individual employees. The Group also provides various retirement plans, medical insurance schemes, staff purchase discounts and training programmes to employees in Mainland China and Hong Kong.

OUTLOOK

Looking ahead to 2025, the global landscape is poised for accelerated change, with tariffs and trade uncertainties presenting significant economic challenges. Despite these external pressures, China's long-term potential growth remains robust, bolstered by government initiatives aimed at stimulating economic growth through increased consumer spending and expanded domestic demand. While consumer sentiment remains cautious and price-sensitive, the Group holds a conservative yet optimistic view of the domestic economic outlook for 2025.

To address this cautious and conservative consumer sentiment, the Group will closely monitor policy directions and market trends, making timely adjustments to strategies in product design, category expansion, production techniques, supply chain, and sales channels for greater flexibility in order to cater to consumers who prioritise value and quality. The Group's business model continues to integrate brand licensing, direct retail and wholesale business, diversifying its portfolio to further enhance resilience.

Positioned as a mass market for ladies' footwear brand, "DAPHNE" is well-equipped to thrive in China's current economic environment. To stay attuned to market demand, the Group will allocate more marketing resources to support the brand's development, including the launch of the Spring 2025 "Sweet Dreams" collection products, alongside the introduction of a new brand ambassador to elevate its appeal. Building on initial successful expansions into new categories such as children's shoes and handbags, "DAPHNE" will diversify its product offerings while remaining receptive to further growth opportunities. In response to the pressures from rising return rates and intensifying market competition in online sales, the Group will implement careful management strategies to address these challenges. Meanwhile, "DAPHNE.LAB" aims for ambitious growth, focusing on the development of fashionable, high-quality, and uniquely designed footwear products. The upcoming Spring collection "Dare To Be Failing In Love" is poised to inspire deeper emotional connections with customers. Riding on the momentum, "DAPHNE.LAB" will actively seek more collaborative opportunities to expand its reach, particularly among high-spending younger generations. By balancing the accessible "DAPHNE" brand with the more fashion-forward "DAPHNE.LAB" brand, the Group aims to create a comprehensive market strategy that appeals to diverse consumer segments.

Strategically, the Group will maintain its focus on e-commerce channels to capitalise on the vibrant online retail market. By monitoring traffic trends, the Group will explore different market segments across e-commerce platforms to broaden its reach. Simultaneously, with a keen awareness of market dynamics, the Group plans to expand its offline distribution network in line with current development momentum, particularly in retail spaces that resonate with its target audience. The Group plans to open one to two "DAPHNE.LAB" stores in emerging "non-traditional" first-tier cities that have seen a rise in malls catering to young consumers. Moreover, the Group will leverage its strengths and the resources of its franchisees to enhance brand integrity and establish a more cohesive market presence. To further cultivate a loyal customer base, the Group will increase and seamlessly integrate online and offline experiences, thereby improving customer engagement and satisfaction.

In the face of the challenging consumer environment, the Group is confident that its years of industry experience and strong brand awareness, combined with efforts to enhance its operations and adaptability, will enable it to stand out and maintain a favourable position in the market.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares for the year ended 31 December 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures for the year ended 31 December 2024.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for dealing in securities of the Company by its directors. Having made specific enquiry with all directors of the Company, all directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2024.

The Company also requires relevant officers and employees of the Group who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities, be also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses inside information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company for the year ended 31 December 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has applied the principles set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Listing Rules. Throughout the year ended 31 December 2024, the Company has complied with all the applicable code provisions set out in the CG Code.

The Board will continue to enhance its corporate governance practices appropriate to the operation and growth of its business and to review such practices from time to time to ensure that the Company complies with statutory and professional standards and align with the latest development.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this announcement, the directors of the Company are not aware of any significant event which had material effect on the Group subsequent to 31 December 2024 and up to the date of this announcement.

REVIEW OF FINANCIAL STATEMENTS

The Group's audited consolidated financial statements for the year ended 31 December 2024 including the accounting principles and practices adopted have been reviewed by the audit committee of the Board (the "**Audit Committee**"). Based on such review, the Audit Committee was of the opinion that these consolidated financial statements were prepared in accordance with applicable accounting standards. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the directors of the Company throughout the year ended 31 December 2024 and up to the date of this announcement, the Company has maintained sufficient public float of more than 25% of the Company's total issued shares as required by the Listing Rules.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.02 per share in respect of the year ended 31 December 2024. The proposed final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

In order to qualify for the proposed final dividend, the register of members of the Company will be closed from Tuesday, 17 June 2025 to Thursday, 19 June 2025 (both days inclusive), during which period no transfer of shares will be effected. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 June 2025. The proposed final dividend will be paid to the shareholders of the Company on or before Thursday, 26 June 2025 whose names appear on the register of members at the close of business on Thursday, 19 June 2025.

CLOSURE OF REGISTER OF MEMBERS

It is proposed that the forthcoming annual general meeting of the Company will be held on 21 May 2025. A notice of the forthcoming annual general meeting will be issued and disseminated to shareholders in due course. In order to qualify for attending and voting at the forthcoming annual general meeting, the register of members of the Company will be closed from Friday, 16 May 2025 to Wednesday, 21 May 2025 (both days inclusive). All transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 15 May 2025.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the HKEXnews (www.hkexnews.hk) and the Company (www.daphneholdings.com). The Annual Report 2024 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board
Daphne International Holdings Limited
Chang Chih-Kai
Chairman

Hong Kong, 26 March 2025

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely Mr. Chang Chih-Kai, Mr. Chang Chih-Chiao, Mr. Wang Jungang and Ms. Chang Wan-Hsun; and three independent non-executive directors, namely Mr. Huang Shun-Tsai, Mr. Hon Ping Cho Terence and Mr. Tan Philip.